

## Message Text

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ACTION NEA-12

INFO OCT-01 ADP-00 PM-07 CIAE-00 DODE-00 INR-10 NSAE-00

PA-03 RSC-01 USIA-15 PRS-01 COME-00 EB-11 LAB-06

SIL-01 NIC-01 OMB-01 RSR-01 /071 W

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P R 251007Z AUG 73

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC PRIORITY 3909

INFO AMEMBASSY AMMAN

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY TEL AVIV

AMEMBASSY ROME

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E.O. 11652: N/A

TAGS: EGEN, ELAB, PINS, LE

SUBJECT: LEFTISTS FORCE GENERAL STRIKE AS ECONOMY RECOVERING

REF: BEIRUT A-137, 138, 8604

SUMMARY: WITH SYRIAN BORDER OPEN AND ECONOMY NEARING NORMAL, LEBANON'S LABOR UNIONS HAVE SCHEDULED GENRAL STRIK FOR AUG. 28 TO PROTEST RISING COST OF LEVING AND WARNED OF ANOTHER STRIKE SEPT. 28 IF SATISFACTION NOT OBTAINED. LEFTIST ELEMENTS PROVED TO STRON FOR CONSERVATIVE LABOR LEADERSHIP ON THIS ISSUE. STRIKE APPEARS TO MARK END OF HONEYMOON FOR NEW SOLH GOVERNMENT.

1. DISSATISFIED WITH RECENT GOVERNMENT EFFORTS TO COMBAT INFLATION, CONFEDERATION OF LEBANESE LABOR (CIL), DESPITE RELUCTANCE OF CONSERVATIVE LEADERS, APPROVED ON AUG 23 A GENRAL STIKE FOR TUESDAY, AUG. 28. TO PROTEST HIGH COST OF LIVING, "MONOPLISTS" AND "EXPLOITERS". "PROGRESSIVE" (LEFTIST) POLITICAL PARTIES

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HAVE SCHEDULED SUPPORTING DEMONSTRATION SAME DAY IN

BEIRUT AND DEMONSTRATED FRIDAY IN TRIPOLI WITHOUT INCIDENT.

2. CLL WANTS GOVERNMENT TO HALT RECENT SURGE IN FOOD PRICE, REDUCE RENTS BY AT LEAST 25 PER CENT AND REPEAL OR SUSPEND LABOR CODE ARTICLE 50 (A LONG STANDING OBJECTIVE) WHICH IT FEELS GIVES EMPLOYERS CARTE BLANCHE TO HIRE AND FIRE. STRIKE PROBABLY ALSO INTENDED TO INTIMIDATE MERCHANTS, SOME OF WHOM UNIONS RECENTLY ACCUSED OF HOARDING STAPLE FOODS TO INFLATE PRICES, AS WELL AS TO ENCOURAGE GOVERNMENT TO CONTINUE ANTI-INFLATION EFFORTS AND IMPROVE ON WAGE INCREASES DECREE AUG. 22. THESE WERE IMPROVE IN MINIMUM WAGE FROM LL205 TO LL225 MONTHLY, AND FIVE PER CENT COST-OF-LIVING INCREASE FOR MOST LOW NAD MIDDLE INCOME WORKERS, RETROACTIVE TO MAY 1 (PUBLIC SECTOR PAY INCREASE HAD BEEN PROMISED EARLIER). THERE CONSIDERABLE SENTIMENT HOWEVER THAT 1973 COST-OF-LIVING INCREASE FAR EXCEEDS FIVE PER CENT.

3. PRIOR TO AND AS TACTIC FOR WINNING THESE INCREASES, CLL EXECUTIVE BOARD VOTED FOR GENERAL STRIKE NEXT TUESDAY BUT CONSERVATIVE SOURCES TOLD US AUG 23 STRIKE PROBABLY WOULD BE CALLED OFF BY COUNCIL OF DELEGATES MEETING THAT DAY IN VIEW OF QUICK GOVERNMENT RESPONSE. CONTACTS NOW TELL US THAT CLL PRESIDENT GABRIEL KHOURY NAD OTHER CONSERVATIVES ENTERED COUNCIL MEETING OPPOSING STRIKE AND WOUND UP VOTING FOR IT WHEN IT CLEAR THAT LEFTISTS LED BY COMMUNISTS HAD PRO-STRIKE MAJORITY.

4. STRIKE MAY BE TAKEN ONLY FOR AIRPORT AND COMMERCIAL WORKERS BUT SHOULD HAVE MORE EFFECT ON BANKS, PORT, ELECTRICITY AND WATER ADMINISTRATION AND MAINTENANCE, TEXTILE INDUSTRY, OIL COMPANIES AND BUS TRANSPORTATION. CLL TERMS STRIKE SYMBOLIC BUT ALSO APPROVED OPEN-ENDED GENERAL STRIKE FROM SEPTEMBER 28 IF NOT SATISFIED BY THEN.

5. LABOR UNREST COMES AT LATEST ECONOMIC INDICATORS SUGGEST THAT ECONOMY IS NEARING RECOVERY FROM MAY CLASHES, ALTHOUGH ECONOMIC ACTIVITY STILL BELOW VIGOROUS SPRING LEVEL. SYRIAN BORDER REOPENING AUG. 17 SHOULD RESTORE TRANSIT AND EXPORT TRADE TO NORMAL LEVELS. NOTICABLE LIMITED OFFICIAL USE

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(AND OSTENSIBLY ILLEGAL IN SYRIAN EYES) REFLUX OF SYRIAN LABOR BEGINNING LATE JULY HAS RESTORED CONSTRUCTION ACTIVITY TO NEAR-NORMAL WHILE EARLY AUGUST TOURISM RATE WAS JUST BELOW AUGUST 1972 LEVEL, THANKS TO REVIVAL OF ARAB TOURISM. WESTERN TOURISM STILL OFF AND TOTAL TOURISM FOR YEAR THROUGH JULY IS ABOUT 23 PER CENT BEHIND 1972 RATE.

6. ECONOMY RECOVERY CONCIDED WITH SUDDEN FOOD PRICE INCREASES, ESPECIALLY FOR RICE (REPORTEDLY UP 65 PER CENT THIS YEAR), LENTILS (A STAPE, UP 70 PER CENT), MEATS (10-25 PER CENT). GOL SUBSIDIZES AND FIXES PRICE OF BREAD AND SUGAR BUT, JUST BEFORE CLL MET, CONCEDED 11 PER CENT BREAD PRICE INCREASE (BAKERS HAD DEMANDED 30-50 PER CENT). EXACT CAUSE OF INFLATION NOT FULLY CLEAR BUT INVOLVE ADVENT IN LEBANON OF WORLD COMMODITY INFLATION, UNUSALLY LOW RAINFALL WHICH REDUCING CURRENT HARVESTS, AND SUPPLY/DEMAND DISTORTIONS ATTRIBUTABLE TO BORDER CLOSURE AND SUDDEN RECOVERY AFTER TWO MONTHS OF RECESSION.

COMMENT: BEIRUT ARAB WORLD NEWS DIGEST ONCE NOTED THAT WHEN EXTERNAL THREATS WANE LEBANSE COMPLAIN ABOUT COST-OF-LIVING. WITH BORDER OPEN AND ISRAELI FRONT QUIET, CLL STRIKE VOTE APPEARS TO MARK END OF HONEYMOON FOR SOLH GOVERNMENT, CONFIRMED IN OFFICE AUGUST 1. BUSINESS, LABOR AND LEFTISTS TESTING NEW GOVERNMENT, WHICH IS REGARDED AS WEAK. NEXT TUESDAY'S EVENTS MIGHT AFFORD SOME INSIGHT INTO THE GOVERNMENT'S FUTURE VIABILITY. BUFFUM

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